



NASA Financial Management Manual

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FMM 9390 CENTER FISCAL YEAR-END ACCOUNTING AND REPORTING REQUIREMENTS

9391-1 *GENERAL*

This chapter provides instructions for certain actions involved in the fiscal year-end closing and reporting process. Some of the instructions make reference to other NASA instructions, which provide more detailed information. Centers will be sent an updated NASA Center Financial Statement Checklist (FMM Appendix 9391-8A), which lists the due date for reports as of September 30, and any necessary supplemental instructions.

9391-2 *REVIEW OF OUTSTANDING COMMITMENTS AND OBLIGATIONS*

The following procedures shall be performed annually as part of the September 30, closing and reporting process:

- a. Review all outstanding obligations to ensure compliance with the requirements of FMM 9040.
- b. Review all unobligated commitments to ensure compliance with the requirements of FMM 9030.

The review should be completed to coincide with the submission of the Certification of Obligations.

9391-3 *ACCRUALS OF COSTS AND INCOME*

The use of accrual accounting is directed by Public Law 863, 84th Congress. FMM 9060 requires that special effort be made at fiscal year-end to ensure inclusion in the accounts of all costs and income pertaining to that fiscal year on as accurate a basis as possible.

9391-4 *RECONCILIATION OF DOCUMENTS TO RECORDS*

As of September 30, the documents representing unobligated commitments, unliquidated obligations, accounts payable, accrued liabilities, and accounts receivable will be reconciled with the related general ledger accounts and subsidiary records, and all necessary adjustments will be made.



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9391-5 CAPITAL AND OPERATING LEASES

This schedule reflects the gross amount of future lease payments for capital leases and non-cancelable operating leases with terms longer than one year. The amounts reported represent the yearly total of future payments on NASA-leased property for the next five years and a combined total for remaining years' payments. Optional extension periods should not be included on the schedule until exercised (see FMM Appendix 9391-5A for format).

The schedule segregates capital and operating leases and identifies the major categories: buildings, land, other structures and facilities, and equipment.

Capital leases are created when a contractual arrangement is essentially equivalent to an installment purchase of property by fulfilling the criteria in FMM 9257.

Operating leases are reportable only when the lease terms are for a non-cancelable period in excess of one year. Most operating leases should not be included on the schedule since lease terms usually provide for termination with 30 days notification and are therefore cancelable (see FAR Subchapter G, Part 49).

The listing of agreements where NASA is a lessor should include a description of the agreement (i.e. equipment), amounts collected during the current fiscal year, account to which the collection was posted, amounts to be collected during each of the next five fiscal years, a total amount for future years (beyond the 5 years), any amounts overdue and receivables recorded for amounts due. Negative report submissions are required. The due date for the report will be prescribed annually in the NASA Center Financial Statement Checklist.

9391-6 SUMMARY OF COMMITMENTS AND CONTINGENCIES

Commitments and contingencies should be reported annually as of September 30 in a "Summary of Commitments and Contingencies" report to the Director, Financial Operations Division, Code BFB, NASA Headquarters. A transmittal letter should accompany this report and a summary of amounts reported should identify the probability that payments will be due in the future. Three categories of probability should be identified in the transmittal; "probable", "reasonably possible", and "remote". "Probable" includes amounts where there is more than a 50 percent chance of a payment being due. "Reasonably possible" is when there is less than a 50 percent chance and "remote" is when there is little or no chance of a payment being required in the future. See FMM Appendix 9391-6A for instructions and FMM Appendix 9391-6B for the format of the Summary. Negative reports are required. The due date for the report will be prescribed annually in the NASA Center Financial Statement Checklist.

9391-7 CERTIFICATION OF OBLIGATIONS

The Certification of Obligations submission for the month of September must be submitted in letter format to the Director, Financial Operations Division, Code BFB, NASA Headquarters:



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"As the Deputy Chief Financial Officer, Finance (DCFO (F)) for _____(Center)_____, I certify that the amounts for _____(Center)_____ recorded as obligations in SAP as of September 30, 20xx, are supported by documentary evidence as required by USC Title 31, Chapter 15, Section 1501."

The due date for certification will be prescribed annually in the Checklist.

This report supports the Certification of Obligations required by Public Law 663, Section 1311, as amended, by the Director, Financial Management Division, NASA Headquarters.

9391-8 *NASA CENTER FINANCIAL STATEMENT CHECKLIST*

The NASA Center Financial Statement Checklist is designed to provide Center DCFO (F)s with a convenient summary of key actions and submissions to Headquarters associated with completion of the annual financial statements. The Checklist shows when and where to submit required information, the source of the requirements and technical contacts in the Headquarters Financial Operations Division in case there are questions. The Checklist is located in FMM Appendix 9391-8A.



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9391-5A CAPITAL AND OPERATING LEASES

CAPITAL AND OPERATING LEASES

CENTER

As of September 30, 20__

(Amounts In Dollars)

<u>Leases by Major Category</u>	<u>Yr. 1</u>	<u>Yr. 2</u>	<u>Yr. 3</u>
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Capital leases:

Equipment _____

Land _____

Buildings _____

Other Structures/Facilities _____

Operating leases:

Equipment _____

Land _____

Buildings _____

Other Structures/Facilities _____

<u>Leases by Major Category (cont.)</u>	<u>Yr. 4</u>	<u>Yr. 5</u>	<u>After 5 Yrs.</u>
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Capital leases:

Equipment _____

Land _____

Buildings _____

Other Structures/Facilities _____

Operating leases:

Equipment _____

Land _____

Buildings _____

Other Structures/Facilities _____

Notes:

1. Include leases awarded on or after October 1, 1986.
2. Include the gross amount of future lease costs for capital and operating leases when the lease terms are non-cancelable for a period in excess of 1 year.
3. Report number 136 is provided on a yearly basis by the Supply and Equipment Management Office (SEMO) for leased equipment and should be used as a basis for preparing this report. Centers should develop a system for capturing lease costs for land, buildings and other structures and facilities not covered by Report Number 136.



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4. Listing of agreements where NASA is a lessor. The listing of agreements where NASA is a lessor should include a description of the agreement (i.e. equipment), the amounts collected during the current fiscal year, the account to which the collection was posted, amounts to be collected during each of the next five fiscal years, a total amount for future years (beyond the 5 years), any amounts overdue and receivables that were recorded for amounts due. Negative report submissions are required.



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9391-6A INSTRUCTIONS FOR SUMMARY OF COMMITMENTS AND CONTINGENCIES

1. This report will reflect commitments and contingent liabilities. Included are all financial commitments and contingencies to Government agencies stated at the maximum limit of risk -- not the expected actual cost. The report is designed to capture those items that are normally included in footnotes to a balance sheet, but cannot properly be classified as real liabilities. The objective is to capture all contractual commitments which bind NASA to pay out money under specified conditions, but which do not represent present liabilities of NASA in the sense of debts owed for cash, goods, services, or other consideration received.

Three categories of probability should be identified; “probable”, “reasonably possible”, and “remote”. “Probable” includes amounts where there is more than a 50 percent chance of a payment being due. “Reasonably possible” is when there is less than a 50 percent chance and “remote” is when there is little or no chance of a payment being required in the future.

Unadjudicated claims should not be included in Centers' reports.

2. **Form to be Used** - The Summary of Commitments and Contingencies (FMM Appendix 9391-6B) includes the categories described in paragraph 3 below. Those categories for which there are no amounts to be reported should not be included. One copy of the report is required.
3. **Summary of Commitments and Contingencies** - Do not report contingent liabilities that were reported as liabilities.
 - a. **Guaranteed or Insured Loans**
 1. Amount of guarantees or insurance in force. Report the total principal and interest balance of loans or mortgages held by financial institutions, public authorities, or agents, which are guaranteed or insured by the Center.
 2. Amount of commitments to guarantee or insure. Report the maximum amount of coverage to be provided under commitments outstanding for the guarantee and insurance of loans that have not yet been disbursed by the financial institution, public authority, or agent.
 3. Amounts related to lines (a)(1) and (a)(2) included in undelivered orders (unliquidated obligations minus accounts payable).
 4. Range of future losses. Enter the range of future losses expected to be incurred relating to guaranteed or insured loans.



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b. Insurance Programs

1. Amount of insurance in force. Enter the total amount of coverage provided under programs of insurance for bank deposits, crops, life, war risks, etc.
2. Amount of commitments to insure. Enter the total amount for all commitments to insure.
3. Amounts related to lines (b)(1) and (b)(2) included in undelivered orders (unliquidated obligations minus accounts payable).
4. Range of future losses. Enter the range of future losses expected to be incurred relating to insurance programs.

c. Indemnity Agreements

1. Amount of indemnity agreements. Enter the total amount of coverage provided under agreements of indemnification (for example, agreements to indemnify licensees and contractors from public liability arising from nuclear incidents).
2. Amounts related to line (c)(1) included in undelivered orders (unliquidated obligations minus accounts payable).
3. Range of future losses. Enter the range of future losses expected to be incurred related to indemnity agreements.
4. Where the amounts of indemnity agreements are indefinite, indicate the nature of the open-end agreements and the number of agreements in effect.

d. Commitments to International Institutions - Provide information relating to programs committing the use of Government funds in the future such as callable capital of international organizations. Report the name and the amount of the commitment.

e. Other Commitments or Contingencies - Identify and enter the amount of any other contingent liabilities or commitments not included in any of the above categories and the range of expected future losses. Include long-term contracts for the purchase or sale of goods or services or property manufactured or constructed and other long-term property rentals.

Whenever a utility company or a contractor has to construct additional facilities to meet NASA requirements, the contract provides that NASA will pay for a minimum quantity of the supplier's product or for all or a portion of unrecovered costs if NASA does not exercise the option to renew. This category includes contracts that contain contingent liability provisions to be effective in the event of termination or non-renewal. These contracts cover but are not limited to areas involving utilities, communication services, transportation services, and the supply of cryogenics. For contracts renewable as of October 1, compute the contingent liability as though the contract will not be renewed. Do not include in the contingent liability amount as of September 30, amounts which were obligated as of September 30.



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- f. **Accrual for Loss Contingencies** - Enter the amount of any accrual established for loss contingencies.
- 4. Amounts are reported in dollars.



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9391-6B SUMMARY OF COMMITMENTS AND CONTINGENCIES

SUMMARY OF COMMITMENTS AND CONTINGENCIES ACCOUNTING INSTALLATION _____

	Amount (In Dollars)
13. <u>Summary of Commitments and Contingencies:</u>	
a. Guaranteed or insured loans: (SF 220-8)	
1. Amount of guarantees or insurance in force	_____
2. Amount of commitments to guarantee or insure	_____
3. Amount included in undelivered orders.	_____
4. Range of future losses	_____
b. Insurance programs:	
1. Amount of insurance in force	_____
2. Amount of commitments to insure	_____
3. Amount included in undelivered orders.	_____
4. Range of future losses	_____
c. Indemnity agreements:	
1. Amount of indemnity agreements	_____
2. Amount included in undelivered orders.	_____
3. Range of future losses	_____
4. Description _____	_____
_____	_____
d. Commitments to international institutions:	
1. Name of international institutions _____	_____
_____	_____
2. Amount of commitment	_____
e. Other commitments or contingencies:	
1. Description _____	_____
_____	_____
2. Amount of other commitments or contingencies	_____
3. Range of future losses	_____
f. Accrual for loss contingencies	_____



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9391-8A *NASA CENTER FINANCIAL STATEMENT CHECKLIST*

See Supplemental FMM Data, Documents at <http://www.hq.nasa.gov/fmm/fmmsupp.htm> for a copy of the listing.

Report Titles and Numbers: NASA Center Financial Statement Checklist

FY2003ChecklistFinal.doc